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Cameroon

While Cameroon's oil production is predicted to steadily decline, its refinery capacity and its position as the terminus of the 225,000-barrels-per-day export pipeline from Chad could transform the country into a significant oil transport center.

Note: The information contained in this report is the best available as of April 2001 and is subject to change.



GENERAL BACKGROUND

The Republic of Cameroon achieved independence from France on January 1, 1960. Paul Biya was elected president in 1984, and has been re-elected for three additional terms. In December 1995, a new constitution was approved, with provisions included to increase the president's term from five to seven years with a maximum presidential tenure of two terms. Biya began a seven-year term in office upon his re-election in October 1997.

Cameroon is richly endowed with natural resources and has a diversified commodity-based economy. Food and export crops, livestock, fishing and forestry are the backbone of the economy, accounting for

about 44% of Cameroon's gross domestic product (GDP) while employing approximately 80% of the active population and generating more than half of total export earnings. Although the oil sector accounts for less than 5% of Cameroon's GDP, the sale of petroleum products contributes about one-third of government revenue and export receipts. Timber, coffee, and cocoa are the country's principal non-oil exports.

Since 1996, Cameroon's consumer price inflation has fallen and GDP-growth has improved and remained strong. In 2000, real GDP-growth was estimated at 4.6% and inflation measured 1.05%. However, Cameroon's foreign debt remains high; the total level of external debt in 1999 was \$7.68 billion, or 83% of GDP. In September 2000, the The International Monetary Fund (IMF) and the World Bank agreed to [a comprehensive debt reduction package for Cameroon](#) under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Total debt relief from the package is worth around \$2 billion and will free up \$100 million per year for the next three years for expenditures on health care and other social services. In December 2000, based on Cameroon's progress in implementing economic reforms, the [IMF also approved a \\$144-million credit](#) to Cameroon to build upon the progress made under an earlier IMF-supported adjustment program. In addition, the Doba oil project, for which construction recently began following World Bank approval in June 2000, may aid Cameroon's economy; total government revenues from the 28-year project are expected to range from \$500 million to \$900 million.

Cameroon is playing an important role in promoting increased economic integration among the [Central African Economic and Monetary Community's \(CEMAC\)](#) six member states. Cameroon hosted CEMAC's first trade fair in November 1999 and is a potential site (along with [Gabon](#)) for the establishment of a CEMAC joint stock exchange.

OIL

Cameroon is sub-Saharan Africa's fifth largest oil producer with crude oil production of 84,800 barrels per day (bbl/d) in 2000. However, Cameroon currently faces long-term declining crude oil production as mature fields are exhausted and new discoveries of oil diminish. The Edinburgh-based consulting firm Wood Mackenzie currently predicts that Cameroon's crude oil output will fall to between 50,000 bbl/d and 60,000 bbl/d by 2005.

Petroleum exploration in Cameroon began in the 1950's, with exploration concentrated in the Douala basin. Prior to 1965, Elf Aquitaine (Elf) was the sole explorer in Cameroon. Exxon Mobil, Shell and Total entered into exploration agreements with Cameroon in the 1960's. Elf was awarded an exploration permit, H-14, in the Rio Del Rey basin in 1964. Major oil discoveries in [Nigeria's](#) Niger delta shifted the exploration focus to Cameroon's adjoining Rio Del Rey basin. Several discoveries were made in the basin, including the Asoma (1973), Bavo (1976), Betika (1972), Ekoundou (1972), Kole (1974), Kombo (1976), and Makoko (1977) fields. Production from the Rio Del Rey basin fields has declined since reaching a peak of 158,000 bbl/d in 1985. Exploration activity in the Douala basin increased in the 1980's and led to several condensate and gas discoveries including the Batanga, Benda, M'Via and N'Koudou discoveries. In the mid-1990s field development and production began in the Kribi-Campo basin, located south of the Douala area. The national oil company, [Société Nationale des Hydrocarbures \(SNH\)](#), formed in 1980, manages Cameroon's interests in the petroleum sector.

Bakassi Peninsula

Both Cameroon and Nigeria have claimed the Bakassi Peninsula, a 1,000-square-kilometer (400-square-mile) area located in the Gulf of Guinea that is believed to contain significant reserves of oil. Several oil discoveries have been made on the peninsula and its adjoining waters, but at present operations in the disputed area have been suspended. In February 1994, Cameroon submitted the dispute to the [International Court of Justice \(ICJ\)](#) for settlement, and Nigeria later followed with its own suit. In March 1998, the ICJ began formal hearings on the case concerning the Land and Maritime Boundary between Cameroon and Nigeria (Cameroon v. Nigeria), and in June 1999, [Equatorial Guinea](#) applied for permission to enter the proceedings. [The ICJ authorized Equatorial Guinea](#) to intervene in the case in October 1999 on the basis of the country's arguments to protect its legal rights in the Gulf of Guinea as the maritime boundary between Nigeria and Cameroon is determined. In its Order, the Court fixed April 4, 2001 as the time-limit for the filing of a written statement by Equatorial Guinea and July 4, 2001 as the time-limit for the filing of written observations by Cameroon and by Nigeria on that statement. Despite the continuation of the dispute, the Nigerian Cross River State, contiguous to Cameroon in the Bakassi peninsula area, and the government of Cameroon agreed in April 2000 to open the disputed border and construct roads linking the respective border towns in order to facilitate international trade and commerce.

Recent Upstream Developments

TotalFina Elf, Perenco, and Pecten International (a subsidiary of Shell) are the major operators in Cameroon. Production from the Elf-operated Kole Marine field dropped to less than 60,000 bbl/d at the end of 1998 from over 90,000 bbl/d at the end of 1996.

Bidding on Cameroon's third licensing round was closed on June 30, 2000, after a three-month extension. The blocks offered were MLHP-1 and MLHP-2 in the Douala/Kribi-Campo basin, less than 62 miles from Triton's lucrative Ceiba field off Equatorial Guinea, and two blocks, OLHP-9 and OLHP-10, onshore in the north of the country in the Logone Birni Basin, not far from Chad's rich Doba Basin. Only Australia's Fusion Oil, Nigeria's Atlas Petroleum and Grynberg Petroleum of the U.S. bid on the MLHP-1 and MLHP-2 blocks. An exploration contract for the area was signed in March 2001 between Fusion Oil and SNH. No bids were submitted for the onshore blocks in the Logone Birni Basin. Consequently, the government of Cameroon announced that it will abandon the bidding process and instead adopt a permanent open-door policy for any company interesting in developing oil in the country. After years of heavy exploration in Cameroon, international oil companies' lack of interest in the recent round of bidding is attributed by industry observers to the perception that major new finds of oil in Cameroon are highly unlikely.

Cameroon had revised its laws concerning oil and gas exploration to attract investors. Changes included a fixed division of profits under joint venture projects (40% to the contractor), as well as incentives and tax breaks for the exploration and development of marginal and deepwater offshore fields. The incentives were sufficient to stimulate the development of Kribi F, operated by Perenco, and several satellites around Rio del Rey, including Bao South which began producing oil in October 2000. Bao South has an estimated proven capacity of 10 million

barrels, with an output of 5,000 bbl/d. Production from Bao South should help to partially offset Cameroon's declining crude oil output.

Chad-Cameroon Pipeline

In November 1996, the consortium, then consisting of Exxon Mobil(40% and operator), Shell (40%) and TotalFina Elf (20%), signed a memorandum of understanding (MOU) with the government of Chad. The MOU provides the terms of the development of the Doba basin fields, and the construction of a 1,050- kilometer (650-mile) export pipeline through Cameroon to offshore export facilities located near Kribi. The total cost of field development and construction of the pipeline and export facilities is estimated to be \$3.5 billion. In April 2000, U.S.-based Chevron and Malaysia's Petronas joined the consortium, replacing TotalFina Elf and Shell, who had divested their combined 60% share in the consortium. Petronas acquired a 35% interest, with Chevron taking the remaining 25%. Exxon Mobil retained its controlling 40% share in the consortium.

The project consists of two primary components, development of the oil fields and construction of the pipeline and export facilities. The Doba basin's three fields (Bolobo, Kome and Miandoun) will produce 900 million - 1 billion barrels of low sulfur oil over the life of the project. The consortium plans to drill 300 wells. Production is forecast to continue for 25-30 years, with peak production projected at 225,000 bbl/d to 250,000 bbl/d. Crude oil from the three fields will be gathered, treated and blended at a facility located on the Kome field. Construction of the project began in October 2000. Production is set to begin as early as 2003, with the cost of the field development estimated to be \$1.5 billion.

Construction of the pipeline and export facilities is expected to last two years and to cost \$2.2 billion. The Chadian portion of the pipeline, approximately 170-kilometers (105 miles) long, and the first (located at Kome) of the three pumping stations will be built and owned by the Tchad Oil Transport Company (TOTCO). TOTCO, which was established in July 1998, is composed of members of the consortium and the government of Chad. The Cameroon Oil Transport Company (COTCO), will build and own the 880-kilometer (545-mile) Cameroonian section of the pipeline, including the remaining pumping stations and the export facilities. The export facilities will consist of an onshore pressure-reducing station near Kribi, a 12-kilometer (7-mile) sub-sea pipeline and an offshore floating storage and off-loading facility (FSO), the Marine Export Terminal. COTCO consists of the consortium members, the Cameroonian government, and the government of Chad. Deviations in the pipeline route may extend the total distance up to 663 miles.



The foreign consortium's share in bankrolling the project will amount to \$2.2 billion (59.2% of total costs), while commercial banks and export credit agencies will contribute \$600 million (16.1%) and capital markets will finance \$400 million (10.7%). The lynchpin of the project financing, however, is [the World Bank loan of \\$93 million](#) -- \$53.4 million for Cameroon and \$39.5 million for Chad -- agreed to in June 2000. In addition, the International Finance Corporation will loan the three companies \$100 million and make another \$300 million available through commercial banks. Finally, the European Investment Bank may also contribute \$40 million to the project. A week after the World Bank's board "overwhelmingly" approved the project, the U.S. Export-Import Bank approved a \$300-million loan guarantee to finance exports to build the pipeline.

According to projections released by the World Bank, the Doba project is highly profitable. Based on a benchmark price of

\$15.25 per barrel of oil, total receipts for the Doba project are expected to reach \$12 billion over a 28-year period. Net revenue would amount to \$9.2 billion before debt servicing. Cameroon is expected to earn \$0.46 on every barrel of Chad oil transited once the project is completed which will result in receipts between \$500 million and \$900 million over the life of the project.

The Chad-Cameroon oil project has been the source of intense opposition from human rights and environmental groups. In July 1998, nearly ninety local, national and international non-governmental organizations (NGOs) submitted a petition to the World Bank to shelve plans for the pipeline project and in September 1999 the NGOs called for a 2-year moratorium on the project. Similar petitions and lobbying efforts continued through 2000. Many of the human rights and environmental concerns have focused on Cameroon, where the pipeline is set to traverse areas of dense jungle inhabited by the Bagyeli ethnic group, or Pygmies as they are popularly known. Consequently, the consortium has made numerous adjustments to the route of the pipeline, which will run entirely underground.

Downstream

Cameroon's downstream oil sector is a significant part of the country's economy. Petroleum consumption was an estimated 26,000 bbl/d in 2000. TotalFina Elf, Exxon Mobil, Shell, and Texaco market petroleum products in Cameroon. Texaco, which purchased Agip's retail assets, is the largest retailer in Cameroon, with 120 petrol stations. A single firm, the Cameroon Petroleum Depot Company (SCDP), handles petroleum product distribution. The government holds the majority in SCDP (51%), and the retail marketers hold the remaining shares. SCDP launched a study in June 2000 to evaluate the possible terms of its privatization.

Cameroon's Société Nationale de Raffinage (SONARA) refinery, which is located in the port city of Limbe, is the source for the country's petroleum products. The government holds a 66% interest in SONARA while TotalFina Elf, Exxon Mobil, Shell, and Texaco hold the remaining shares. The SONARA refinery has utilized its spare capacity to refine products for export to other African nations, Europe, Latin America, and the United States. SONARA recently invested \$15 million to upgrade its port facilities. The new port allows tankers with capacity as large as 90,000 tons access to the refinery. In 1997, the government ended SNH's monopoly on supplying crude to the refinery (an economic reform recommended by the World Bank). SNH also discontinued subsidies to the refinery. As a condition of multilateral debt relief, SNH, which previously reported directly to the President of Cameroon, will begin to include its oil receipts in the national budget.

NATURAL GAS & ELECTRICITY

Along with the Democratic Republic of Congo (DRC), Cameroon has the greatest potential for hydroelectric power in Africa. Over 110 possible sites have been identified, with a combined potential capacity of 500,000 megawatts (MW). If Cameroon's electricity potential is developed, the country could become a net electricity exporter.

Cameroon has installed electric generation capacity of 817 MW, of which 88% is hydroelectric and 12% is thermal. The country's two main hydro stations, Edea and Song-Loulou, are located on the Sanaga River. The much smaller Lagdo station is located in the north near Garoua. Cameroon employs roughly 30 diesel power stations around the country as back-up facilities, particularly when droughts affect water levels behind the hydro station dams. The largest diesel power stations are located in Garoua (20 MW), Douala (15.4 MW), and Yaounde (10.8 MW).

Cameroon has estimated gas reserves of 3.9 trillion cubic feet (Tcf). Associated and non-associated gas reserves have been discovered in the Rio Del Rey, Douala and Kribi-Campo basins, but they have yet to be utilized. In August 1998, the Canadian firm, Ocelot Energy, signed an agreement with SNH to develop the Sanaga Sud offshore gas field to use the gas in a gas-to-electricity project. The project involves drilling offshore wells and the construction of a 10-12 km (6-7.5 mile) marine pipeline to shore, a gas processing facility, and a gas turbine 175-MW power station near the port town of Kribi.

Private Edinburgh-based developer BowLeven announced in July 2000 plans to construct a 150-MW-200-MW gas-fired power plant which would produce electricity for the national grid. Through its wholly owned local subsidiary EurOil, BowLeven currently holds concessions for blocks MLHP 5, 6 and 7. According to company officials, estimate proven reserves in MLHP 7 amount to at least 140 billion cubic feet of gas. The \$290-million project is expected to be completed in 2002.

Generation and distribution of electricity is handled by [Société Nationale d'Electricité de Cameroun \(SONEL\)](#), the state-owned utility. Under terms of the IMF-sponsored structural adjustment plan, SONEL was slated for privatization in 2000. As of February 2001, the U.S.-based firm AES was considered the preferred bidder for the purchase of SONEL. AES was the only company out of five pre-selected firms to submit a financial offer to the government of Cameroon, which had stated that it had anticipated a purchase price of \$80-\$90 million for SONEL. AES is currently conducting an audit of the electricity parastatal.

Sources for this report include: Africa Energy; Africa News Service; CIA World Factbook 2000; Economist Intelligence Unit ViewsWire; International Monetary Fund; Janet Matthews Information Services; Oil and Gas Journal; Panafrican News Agency; Petroleum Intelligence Weekly; U.S. Energy Information Administration; World Bank

COUNTRY OVERVIEW

President: Paul Biya (since 1984)

Prime Minister: Peter Mafany Musonge

Independence: January 1, 1960 (from France)

Population (1999E): 15.4 million

Location/Size: Western Africa, bordering the Bight of Biafra, between Chad (on the north and east); the Central

African Republic (on the east); the Republic of Congo, Gabon and Equatorial Guinea (on the south); and Nigeria (on the west) / 475,440 square kilometers (183,520 square miles), slightly smaller than the combined size of South Carolina, Georgia, Florida, and Alabama

Major Cities: Yaounde (capital), Douala, Nkongsamba, Maroua, Garoua

Languages: French (official), English (official), 100-200 other indigenous Congo-Kordofanian and Afro-Asiatic languages

Major Ethnic Groups: Hausa, Fulbe, Bamileke, Tiker, Bamoun, Fang, Ewondo, Boulou, Eton, Bassa, Bakoko, Douala

Religion: Traditional beliefs 40%, Christian 40%, Muslim 20%

Defense (1998E): Army (11,500), Air Force (300), Navy (1,300), paramilitary forces (9,000)

ECONOMIC OVERVIEW

Minister of Finance: Edouard Akame Mfoumou

Currency: Communauté Financière Africaine (CFA) franc

Market Exchange Rate (4/3/01): US\$1 = 745 CFA francs

Real Gross Domestic Product (GDP) (2000E): \$9.52 billion **(2001E):** \$9.98 billion

Real GDP Growth Rate (2000E): 4.6% **(2001E):** 4.8%

Inflation Rate (2000E): 1.05% **(2001E):** 2.10%

Major Trading Partners: France, Spain, Italy, Netherlands

Merchandise Exports (2000E): \$2.12 billion

Merchandise Imports (2000E): \$1.59 billion

Merchandise Trade Balance (1998E): \$530 million

Major Export Products: Crude oil and petroleum products, timber, cocoa, coffee

Major Import Products: Food, machinery, industrial goods, consumer goods

Current Account Balance (2000E): -\$80 million

Total External Debt (1999E): \$7.68 billion

ENERGY OVERVIEW

Minister of Mines, Water Resources and Energy: Jacques Yves Mbele Ndoe

Proven Oil Reserves (1/1/01E): 400 million barrels

Oil Production (2000E): 84,800 barrels per day (bbl/d), all of which was crude oil

Oil Consumption (2000E): 26,000 bbl/d

Crude Refining Capacity (1/1/01E): 42,000 bbl/d

Net Oil Exports (2000E): 58,800 bbl/d

Natural Gas Reserves (1/1/01E): 3.9 trillion cubic feet (Tcf)

Natural Gas Production (1999E): 0.0 Tcf

Natural Gas Consumption (1999E): 0.0 Tcf

Electric Generation Capacity (1/1/99): 817 megawatts

, of which 88% is hydroelectric, 12% thermal **Electricity Generation (1999E):** 3.4 billion kilowatthours (bkwh)

ENVIRONMENTAL OVERVIEW

Minister of Environment & Forests: Sylvestre Naah Ondoua

Total Energy Consumption (1999E): 0.08 quadrillion Btu* (<0.1% of world total energy consumption)

Energy-Related Carbon Emissions (1999E): 1.9 million metric tons of carbon (<0.1% of world carbon emissions)

Per Capita Energy Consumption (1999E): 6.0 million Btu (vs. U.S. value of 355.8 million Btu)

Per Capita Carbon Emissions (1999E): 0.13 metric tons of carbon (vs U.S. value of 5.5 metric tons of carbon)

Energy Intensity (1999E): 6,391 Btu/ \$1990 (vs U.S. value of 12,638 Btu/ \$1990)**

Carbon Intensity (1999E): 0.14 metric tons of carbon/thousand \$1990 (vs U.S. value of 0.19 metric tons/thousand \$1990)**

Sectoral Share of Energy Consumption (1998E): Industrial (28.8%), Transportation (10.8%), Residential (60.4%), Commercial (0.0%)

Sectoral Share of Carbon Emissions (1998E): Industrial (13.3%), Transportation (56.9%), Residential (27.8%), Commercial (2.0%)

Fuel Share of Energy Consumption (1999E): Natural Gas (0.0%), Oil (60.1%), Coal (0.0%)

Fuel Share of Carbon Emissions (1999E): Oil (47.8%), Natural Gas (52.1%), Coal (0.0%)

Renewable Energy Consumption (1998E): 223 trillion Btu*

Number of People per Motor Vehicle (1998): 83.3 (vs U.S. value of 1.3)

Status in Climate Change Negotiations: Non-Annex I country under the United Nations Framework Convention on Climate Change (ratified October 19th, 1994). Not a signatory to the Kyoto Protocol.

Major Environmental Issues: Water-borne diseases are prevalent; deforestation; overgrazing; desertification; poaching; overfishing.

Major International Environmental Agreements: A party to Conventions on Biodiversity, Climate Change,

Desertification, Endangered Species, Law of the Sea, Ozone Layer Protection, Tropical Timber 83 and Tropical Timber 94. Has signed, but not ratified, Nuclear Test Ban.

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind and waste electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

**GDP based on International Energy Annual 1999

OIL AND GAS INDUSTRIES

Organization: Société Nationale des Hydrocarbures (SNH)

Major Oil Fields: Asoma, Bavo, Betika, Boa, Ebome, Ekoundou, Kole, Kombo, Makoko, Rio del Rey

Refineries (capacity-bbl/d): Société Nationale de Raffinage (SONARA) (42,000 bbl/d)

Oil Terminals: Kole, Kribi (planned)

Pipelines: Cameroon Oil Transport Company (COTCO) pipeline 880 kilometers (545 miles) (planned)

Foreign Oil Company Involvement: Chevron, CMS Nomeco, TotalFina Elf, Exxon Mobil, Globex Petroleum, Ocelot, Perenco, Petronas, Royal Dutch/Shell (Pecten), Texaco, Trophy Petroleum

Links

For more information on Cameroon, see these other sources on the EIA web site:

[EIA - Country Information on Cameroon](#)

Links to other sites:

[2000 CIA World Factbook - Cameroon](#)

[U.S. State Department: 1999 Human Rights Report: Cameroon](#)

[U.S. State Department's Consular Information Sheet - Cameroon](#)

[U.S. Department of State Background Notes on Cameroon](#)

[U.S. Department of Commerce: Country Commercial Guide](#)

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[Exxon Mobil: Chad/Cameroon Pipeline Project](#)

[MBendi Country Profile: Cameroon](#)

[Africa New Service](#)

[Washington Post World Reference: Cameroon](#)

[University of Pennsylvania African Studies: Cameroon](#)

[African Development Bank: Cameroon](#)

[Strategic Road: Cameroon](#)

[Amnesty International Annual Report 2000: Cameroon](#)

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